

Healthy Options 2004-05 Contracting Process
Frequently Asked Questions
7/1/2003

#	SUBJECT	ENTRY DATE	QUESTION (Q.)/ANSWER (A.)
1	2-year rate agreement	3/31/2003	<p>Q. When DSHS has the rates for 2004 and 2005, DSHS will amend the contract to extend the period of performance through December 31, 2005 (rate/extension amendment). The rate/extension amendment may come at the same time as the BBA amendment or be later in the summer. Does this mean the plans will be asked to sign a 2-year rate agreement?</p> <p>A. Yes, the rate/extension amendment will extend the contract through December 2005. The rate/extension amendment will not come at the same time as the BBA amendment. Plans and the Centers for Medicare and Medicaid Services (CMS) will receive a draft of the BBA amendment in the first half of May. After CMS has given preliminary approval of the BBA amendment and DSHS has incorporated any changes from CMS and plan input, DSHS will forward the contract for plan execution to be effective approximately July 1, 2003. The draft rate/extension amendment will come in August.</p>
2	Notice for termination for convenience	3/31/2003	<p>Q. The current HO contract provides for 120 calendar day notice for termination for convenience, that means that if we (<i>the plans</i>) cannot come to terms for 2004 (and 2005 if that is the expectation), we would have to notify you (<i>DSHS</i>) no later than September 2, 2003. I'm concerned that we may not have the "rate/extension amendment until later in the summer". Can you be any more specific on the timeline please? We need to be sure that we have adequate time for an appropriate analysis. And if the expectation is that we will sign a 2 year contract with rates set NOW for both 2004 and 2005, the analysis will need to be that much more comprehensive.</p> <p>A. If a current contractor does not sign the BBA amendment, DSHS cannot continue to do business with that contractor after August 13, 2003. If a current contractor does not sign the rate/extension amendment, the period of performance of their contract ends on December 31, 2003. The ending of the contract period of performance is not a termination for convenience. DSHS anticipates having a draft of the rate/extension amendment to plans in August 2003.</p>
3	Risk Adjustment	05/01/03	<p>Q. According to the rate sheet for the risk adjustment factor it is effective May 2003-April 2004. According to the 2003 contract the recalculated risk adjustment factors are to be used to calculate premiums for May through December 2003. Please clarify this.</p> <p>A. Since there is not yet a contract for 2004 DSHS cannot go beyond that in the contract, but we will not be doing another risk adjustment until May 2004 because the changes in the first quarter are too small to make it worth the trouble and expense. If something that has a major destabilizing impact occurs, DSHS will revisit that decision.</p>
4	2004/2005 rates/extension	05/12/03	<p>Q. There is concern regarding the timing of receipt for the 2004/2005 rates/extension. If this information is received in August, how much time will MAA allow for the plans to perform an analysis and review?</p> <p>A. This decision will be made when the rates for 2004/2005 are released after the state budget rate amount has been determined. DSHS anticipates rates will be provided to plans prior to the receipt of the amendment.</p>

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5	Renegotiation of rates for 2005	05/12/03	<p>Q. There is a concern regarding multi-year contracts with future rate guarantees. Will the 2004/2005 rate/extension amendment include a provision for renegotiation of rates for the 2005 contract year?</p> <p>A. No, the rates will be set for both 2004 and 2005. Participating plans will have the option to not continue into 2005 by terminating for convenience in accordance with the contract.</p>
6	Termination for convenience	05/12/03	<p>Q. If there is to be no provision for renegotiation of rates for 2005, would "termination for convenience" be the only option for exiting the program?</p> <p>A. Yes, see FAQ # 5.</p>
7	Expenses and obligations	05/12/03	<p>Q. Please explain specifically, what expenses and obligations plans will incur should the termination for convenience clause come into play in the second year of the 2004-2005 contract amendment. If the current 2003 language is to be duplicated in the 2004/2005 amendment, how would DSHS calculate costs associated with 9.2.5 and 9.2.6?</p> <p>A. There is no way DSHS can anticipate cost associated with termination for convenience.</p>
8	Change networks	06/09/03	<p>Q. How do plans change their networks for 2004 and 2005?</p> <p>A. Plans can change networks in accord with the contract provisions for changing service areas and capacity. (See 2003 contract section 2.1.3)</p>
9	Termination for convenience	06/09/03	<p>Q. What if a plan decides in 2004 that they do not wish to continue into 2005?</p> <p>A. Plans can terminate their HO/SCHIP contract for convenience at any time in accord with the provisions of that contract. DSHS will add language to the 2004-2005 contract that will state that any contractor that notifies DSHS at least 120 days in advance of their intent to not continue into 2005 may have their contract terminated for convenience without cost or penalty to that contractor.</p>
10	Networks	06/09/03	<p>Q. Will DSHS be reviewing networks as part of the pre-contracting process for 2004-2005?</p> <p>A. No, the review of networks will be done as a part of our ongoing monitoring process.</p>